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**Introduced by Senator Wyland**

February 12, 2013

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An act to amend Section 13403 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 248, as introduced, Wyland. Professional corporations.

The Moscone-Knox Professional Corporation Act provides for the formation of a corporation under the General Corporation Law for the purposes of qualifying as a professional corporation that is engaged in rendering professional services in a single profession, and permits a professional corporation to render professional services through persons who are licensed in that profession. Under the act, a medical corporation with more than 200 shareholders may provide that certain directors may have terms of office of up to 6 years.

This bill would extend the maximum term of office of a medical corporation director, as described above, to 7 years. The bill also would make technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 13403 of the Corporations Code is
- 2 amended to read:
- 3 13403. ~~The provisions of the~~ General Corporation Law shall
- 4 apply to professional corporations, except where ~~such provisions~~
- 5 ~~are~~ in conflict with or inconsistent with the provisions of this part.
- 6 A professional corporation ~~which~~ *that* has only one shareholder

1 need have only one director, who shall be ~~such~~ *that* shareholder  
2 and who shall also serve as the president and treasurer of the  
3 corporation. The other officers of the corporation in ~~such~~ *this*  
4 situation need not be licensed persons. A professional corporation  
5 ~~which~~ *that* has only two shareholders need have only two directors,  
6 who shall be ~~such~~ *those* shareholders. The two shareholders  
7 between them shall fill the offices of president, vice president,  
8 secretary, and treasurer.

9 A professional medical corporation may establish in its articles  
10 or bylaws the manner in which its directors are selected and  
11 removed, their powers, duties, and compensation. Each term of  
12 office may not exceed three years. Notwithstanding the foregoing,  
13 the articles or bylaws of a professional medical corporation with  
14 more than 200 shareholders may provide that directors who are  
15 officers of the corporation or who are responsible for the  
16 management of all medical services at one or more medical centers  
17 may have terms of office, as directors, of up to ~~six~~ *seven* years;  
18 however, no more than 50 percent of the members of the board,  
19 plus one additional member of the board, may have ~~six-year~~  
20 *seven-year* terms of office.